



Simple • Affordable • Accountable • Justice for All

February 23, 2012

The Honorable John Walsh
Chairman, House Judiciary Committee
P.O. Box 30014
Lansing, MI 48909-7514

Re: Senate Bill 269

To the Members of the House Judiciary Committee:

While HALT supported increasing Michigan's threshold to \$10,000, we recognize in the spirit of compromise the amount was reduced to \$8,000 in the State Senate. We support the legislation as amended and encourage the House to enact SB 269 as amended. Passing this legislation would mark an important step toward increased access to the civil justice system for all residents of Michigan.

Founded in 1978, our non-profit consumer advocacy group has worked for decades to increase access to the civil justice system. Each year, tens of millions of low- and moderate-income households nationwide need legal help, but are denied access to the civil justice system. These Americans are shut out of the civil justice system simply because they cannot afford to hire a lawyer to help resolve their legal problem. Open and accessible small claims courts offer one way to address the enormous gap in access to justice that exists between those in upper income brackets and those with average or lower incomes.

We support SB 269 because it will allow many more Michigan residents to access the small claims system to resolve their legal disputes simply and affordably. Our 2011 Small Claims Report Card, which graded small claims courts in all 50 states and the District of Columbia, ranked Michigan 44th in the nation with a grade of D. Our Report Card highlighted the extremely low monetary limit for small claims courts in Michigan and critiqued the system for several other weaknesses including: not employing advisors who can help guide litigants through the process, not offering mediation services in all of the counties we surveyed to help litigants avoid litigation and not offering extended courtroom hours so litigants do not have to take time off from work.

Michigan did receive high marks, however, for providing litigants with useful information about the state's small claims system through its online Self-Help Center and specifically for posting complaint and post-judgment forms online, along with step-by-step instructions for completing those forms. This kind of hands on information greatly enhances a litigant's ability to successfully represent him or herself in small claims court.

The current jurisdictional limit on small claims in Michigan is \$3,000, which is one of the lowest in the nation. The current limit is one-fifth the amount of Georgia's \$15,000 cap and less than one-eighth of the amount of Tennessee's \$25,000 cap, the highest statewide jurisdictional limit in the nation. While HALT believes that \$20,000 is a reasonable and appropriate limit, considering the dollar value of typical consumer problems that could easily be resolved in small claims court—we support all efforts to expand consumer access to these user-friendly courts.

Michigan's current limit leaves too many residents without adequate redress because their routine legal problems have a dollar value above the state's ceiling on small claims. Because many cannot afford to hire an attorney for assistance on such simple matters, they are effectively shut out of the legal system. Passing SB 269 would improve access to a legal system in which consumers are currently unable to utilize the courts due to the lack of an appropriate forum to resolve their simple disputes. By increasing the limit of small claims jurisdictions to \$8,000, Michigan would make small claims procedures available to a wider range of legal consumers.

A 2003 HALT study¹ addresses a chief fear over raising jurisdictional limits. Court administrators in several states have raised the understandable concern that higher dollar limits would produce an onslaught of new cases, straining the system to its breaking point. The HALT analysis used data from small claims courts across the nation over an 18 year period to study the effects on caseloads after a jurisdictional increase. The HALT report found conclusive evidence that a jurisdictional limit increase very rarely leads to a larger caseload.

By passing SB 269 and increasing the small claims jurisdictional limit to \$8,000, Michigan would join a growing number of states that have recently raised their jurisdictional dollar limits. In 2011, California, Oregon and Wisconsin passed legislation to raise their limits to \$10,000, Nevada increased its limit to \$7,500 and Hawaii upped its limit to \$5,000. We hope that SB 269 will be reviewed and passed in a timely manner due to the immense importance this bill has on improving access to Michigan's legal system for the majority of its citizens. If we can be of any further assistance, please do not hesitate to contact us at (202) 887-8255.

Sincerely,



Rodd M. Santomauro
Executive Director

¹ "The Sky Will Not Fall: The Effect of Raising Jurisdictional Limits on Small Claims Court Caseloads," HALT, Inc. 2003, available on www.halt.org.